

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL & GAS DOCKET NO. 01-0301033

COMPLAINT OF JONI GABRIEL THAT UNITED OPERATING, LLC (OPERATOR NO. 877448) DOES NOT HAVE A GOOD FAITH CLAIM TO OPERATE THE GABRIEL LEASE (LEASE NO. 13370), ROSS LEE (AUSTIN CHALK) FIELD, BASTROP COUNTY, TEXAS

FINAL ORDER

The Commission finds that after statutory notice and an opportunity for hearing regarding the captioned proceeding, United Operating, LLC failed to respond and did not request a hearing. This proceeding having duly been submitted to the Railroad Commission of Texas (“Commission” or “RRC”) at a conference held in its offices in Austin, Texas, the Commission makes the following findings of act and conclusions of law.

FINDINGS OF FACT

1. At least ten days’ notice was given to United Operating, LLC (“United”), RRC Operator No. 877448.
2. United is the RRC operator of record for the Gabriel Lease, Lease No. 13370, (the “Lease”).
3. On July 8, 2016, the Commission received a letter of complaint from Joni Gabriel (the “Complainant”) alleging United does not have a right to operate the Lease due to lack of production. On July 13, 2016, the Complainant submitted the following documentation to support her claim:
 - a. An Oil and Gas Lease dated June 5, 2012 identifying the Complainant as the Lessor and United as the Lessee, which is notarized and filed in Bastrop County. The Oil and Gas Lease identifies Complainant as the trustee for the owners of mineral rights at the location of the Lease; and
 - b. An Amendment, Ratification and Revivor of Oil and Gas Lease effective August 1, 2014 identifying the Complainant as the Lessor and United as the Lessee, which is notarized and filed in Bastrop County. It requires United to produce and sell oil or gas by the 180th day after the effective date of the revivor or the lease will terminate.
4. In a letter dated July 20, 2016, a Commission Administrative Law Judge (“ALJ”) requested in writing that United either (1) provide evidence that it holds a “good faith

- claim” to a continuing right to operate the referenced well or (2) request a hearing on the matter on or before August 19, 2016. This writing expressly notified United that failure to timely request a hearing would constitute waiver of the provided opportunity given to request a hearing.
5. A “good faith claim” is defined in Commission Statewide Rule 15(a)(5) as “A factually supported claim based on a recognized legal theory to a continuing possessory right in the mineral estate, such as evidence of a currently valid oil and gas lease or a recorded deed conveying a fee interest in the mineral estate.” 16 TEX. ADMIN. CODE 3.15(a)(5).
 6. United failed to provide evidence that it holds a “good faith claim” to a continuing right to operate the Lease, failed to request a hearing, and failed to otherwise respond to the ALJ’s July 20, 2016 letter.
 7. United’s status at the Commission is delinquent. Its last filing of the annual Commission Organization Report (Form P-5) was December 1, 2015. United had a \$50,000 cash deposit as its financial assurance at the time of its last Form P-5 annual renewal submission.
 8. United became the RRC operator of record for the Lease on January 1, 2011. There has been no reported production on the Lease since October 2014.
 9. The following wells are on the Lease: Well Nos. 2, 3, 4, 9, 14, and 15 (the “Wells”).
 10. United does not hold a “good faith claim” to operate the Lease or the Wells.
 11. Absent a "good faith claim" to operate, the Wells on the Lease are not eligible for extensions to the plugging requirements in Statewide Rule 14 and 15 as provided for in Statewide Rule 15(e).
 12. The Wells should be plugged and any plugging extensions relating to them should be revoked.
 13. Pursuant to TEX. GOV’T CODE §§ 2001.056 and 2001.062(e), United was provided an opportunity to request a hearing and failed to do so.

CONCLUSIONS OF LAW

1. Proper notice of hearing was timely issued to appropriate persons entitled to notice. *See, e.g.,* TEX. GOV’T CODE § 2001.051; 16 TEX. ADMIN. CODE § 1.45(a).
2. The Commission has jurisdiction in this case. *See, e.g.,* TEX. NAT. RES. CODE § 81.051.
3. United does not have a “good faith claim,” as that term is defined in Statewide Rule 15(a)(5), to continue operating the Wells. 16 TEX. ADMIN. CODE § 3.15(a)(5).

4. The Wells are not eligible for a plugging extension and the Wells should be plugged.

IT IS THEREFORE ORDERED that United is not eligible for plugging extensions for the Wells. United is hereby **ORDERED** to plug the Wells and place the Lease in compliance with Statewide Rules 14 and 15.

It is further **ORDERED** by the Commission that this order shall not be final and effective until 25 days after the Commission's Order is signed, unless the time for filing a motion for rehearing has been extended under TEX. GOV'T CODE § 2001.142, by agreement under TEX. GOV'T CODE § 2001.147, or by written Commission Order issued pursuant to TEX. GOV'T CODE § 2001.146(e). If a timely motion for rehearing of an application is filed by any party at interest, this order shall not become final and effective until such motion is overruled, or if such motion is granted, this order shall be subject to further action by the Commission. Pursuant to TEX. GOV'T CODE § 2001.146(e) and 16 TEX. ADMIN. CODE § 1.149(c), the time allotted for Commission action on a motion for rehearing in this case prior to its being overruled by operation of law is hereby extended until 90 days from the date the Commission Order is signed.

All pending motions and requests for relief not previously granted or granted herein are denied.

Done this 27th day of September, 2016, in Austin, Texas.

RAILROAD COMMISSION OF TEXAS

(Order approved and signatures affixed by HD
Unprotested Master Order date September 27,
2016)

JNC/rnf